

AGENDA

- ACA Presentation
 - ACA Overview
 - Employer Shared Responsibility
 - ACA Reporting
 - Form 1095-C Furnish to Employees
 - Form 1094-C Furnish to IRS
- ACA Website
- HRIS Tips
- ACA Designation
- Questions
- Examples

AFFORDABLE CARE ACT (ACA)OVERVIEW

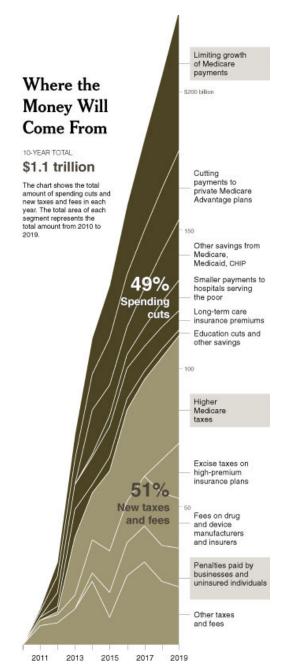
- Enacted in March of 2010, health reform's stated goals were:
 - Provide access for 30+ million uninsured (#1 objective)
 - Cost control
 - Quality
- Focusing on all three goals was a challenge
- Two key items within ACA that affect agencies and our employees.

Individual Mandate

- Requires all individuals to have minimal value insurance
 - For 2015, \$325 per uninsured person or 2 percent of household income over the filing threshold, and
 - For 2016 and beyond, \$695 per uninsured person or 2.5 percent of household income over the filing threshold.

Employer Mandate

 Requires State to report to IRS who was offered coverage (and who enrolled), whether the coverage was comprehensive and met all ACA requirements, and whether that coverage was affordable.



KEY ELEMENTS OF HEALTH CARE REFORM FOR EMPLOYERS

2015 & 2016

- Employer shared responsibility;
- Child coverage to end of month of 26th birthday6
- Transitional reinsurance fees first due in early/late 2015
- · Additional employer and insurer reporting and disclosure (reporting due in early 2016)
- · Broad expatriate plan relief available for qualifying plans.



- Change in tax treatment for over-age child coverage
- · Early retiree medical reinsurance
- Accounting impact of change in Medicare retiree drug subsidy tax treatment
- Medicare prescription drug "donut hole" beneficiary rebate
- Break time/private room for nursing moms



- No lifetime dollar limits on essential health benefits¹
- Restricted annual dollar limits on essential health benefits; phased amounts until 2014¹
- Child coverage to age 26 (grandfathered plans may limit to children without access to other employer coverage, other than parent's coverage)¹
- No pre-existing condition limitations for enrollees up to age 19¹ and no rescissions¹
- No health FSA/HRA/HSA reimbursement for nonprescribed drugs (except insulin)
- Increased penalties for non-qualified HSA distributions
- Additional standards for non-grandfathered health plans, including preventive care in-network with no cost-sharing, coverage of emergency services in- and out-of-network, appeal and external review, provider choice, and non-discrimination rules for insured plans³
- Income-based Medicare Part D premiums
- Pharmaceutical importers and manufacturers' fees start
- Medicare, Medicare Advantage benefit and payment reforms
- · Insurers subject to medical loss ratio rules



- Employers to distribute uniform summary of benefits and coverage (SBC) to participants
- 60-day advance notice of mid-year material modifications to SBC content
- Form W-2 reporting for health coverage (track in 2012 for W-2 form provided in early 2013)⁴



- \$2,500 (indexed for inflation) per plan year health FSA contribution cap (plan years on or after January 1, 2013)
- Comparative effectiveness research fees first due (7/31) for calendar year plans (and 11/1 and 12/1 plans)
- Employers notify employees about exchanges by Oct. 1, 2013; to new hires thereafter
- · Medical device manufacturers' fees start
- Higher Medicare payroll tax on wages exceeding \$200,000/individual; \$250,000/couples
- Change in Medicare retiree drug subsidy tax treatment takes effect
- Health Insurance exchanges initial open enrollment period (10/1/13 – 3/31/14)



2020

- Health insurance exchange coverage begins
- Individual coverage mandate⁵
- Financial assistance for exchange coverage of lowand middle-income individuals

• 40% excise tax on "high

cost" or Cadillac employer-

sponsored health coverage

- State Medicaid expansion (only in some states)
- Child coverage to age 26²
- No annual dollar limits on essential health benefits² (generally banning stand-alone HRAs for active employees)
- No pre-existing condition limits²
- No waiting period over 90 days (plus 1-month employmentbased orientation period)²
- Wellness limit increase allowed²
- · Health insurance industry fees
- Additional standards for non-grandfathered health plans, including limits on in-network out-of-pocket maximums, provider nondiscrimination, and coverage of routine patient costs of clinical trial participants
- Small market, non-grandfathered insured plans must cover essential health benefits using a form of community rating
- Insurers must apply guaranteed issue and renewability to nongrandfathered plans of all sizes
- Health Insurance exchanges 2015 open enrollment period (11/15/14 – 2/15/15)
- Comparative effectiveness research (PCORI) fees first due (7/31) for non-calendar year plans (except 11/1 and 12/1 plans)
- 1. Applies to all plans, including grandfathered plans, effective for plan years beginning on or after 9/23/2010 (1/1/2011, for calendar year plans).
- 2. Applies to all plans, including grandfathered plans, effective for plan years beginning on or after 1/1/2014.
- 3. Applies to non-grandfathered plans, effective for plan years beginning on or after 9/23/2010, except that insured plan discrimination ban is delayed until regulations issued.
- 4. A temporary exemption applies to certain categories of employers.
- 5. A temporary exemption applies to employees of employers with non-calendar-year plans, as well as individuals who enroll in an Exchange plan by 3/31/2014. Other exemptions may also apply.
- 6. Effective 2015 for applicable large employers with 100 or more full-time employees; effective 2016 for applicable large employers with 50 or more full-time employees. Transition relief for non-calendar year plans may apply.

EMPLOYER SHARED RESPONSIBILITY HOW THE PENALTIES WORK~ PLAY OR PAY PENALTY A

2015

Does State of Arizona offer a health plan to substantially 70% full-time employees (FTEs) and their dependent children?

No

You will pay:

\$2,080 * x 38,000 = \$79,040,000

Applies if at least **one** FTE receives taxsubsidized benefits for exchange coverage.

\$79,040,000

Non-offering Employer Payment

2016

Does State of Arizona offer a health plan to substantially all 95% full-time employees (FTEs) and their dependent children)?

Nic

You will pay:

\$2,160 * x 38,000 = \$82,080,000

Applies if at least **one** FTE receives taxsubsidized benefits for exchange coverage.

\$82,080,000

Non-offering Employer Payment

EMPLOYER SHARED RESPONSIBILITY HOW THE PENALTIES WORK~ PLAY OR PAY PENALTY B

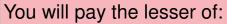
Does the health plan offered to FTEs satisfy standards for both:

(1) affordability (employee-only contribution for plan ≤ 9.5% of an employer affordability safe harbor or employee's household income), and
(2) minimum value (60%)?

Yes

You will not be subject to a shared responsibility payment.

No



\$3,120 x FTEs receiving tax-subsidized benefits for exchange coverage

OR

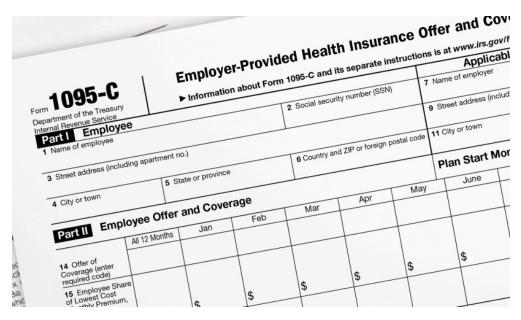
\$2,080 x (total # FTEs – first 80 FTEs)

\$3,120*

Offering Employer Payment

IMPORTANT ACA CONCEPTS COVERED IN THIS TRAINING:

- What is Minimum Essential Coverage?
- What is Minimum Value?
- What is Affordable ?
- Who is an ACA Full Time Employee?
- What hours count towards the 30 hour rule
- How and when are hours measured?



EMPLOYER SHARED RESPONSIBILITY HOW THE PENALTIES WORK~ PLAY OR PAY

THREE COMPONENTS TO PENALTIES

What is Minimum Essential Coverage (MEC) ?

 Term is defined very broadly to include virtually any employer sponsored group health plan, governmental sponsored health programs and individual health policies.

What is Minimum Value (MV) ?

Plan must pay at least 60% of total costs for essential health benefits.

What is Affordable?

- Plan must offer affordable MEC that provides MV to FT employees and their children to avoid Penalty B.
- An employee's required contribution for minimum value self-only coverage cannot exceed 9.56% of the employee's household income to be deemed affordable.

HOW DO YOU DETERMINE AFFORDABLE CONTRIBUTIONS IN 2015?

- Safe harbors contribution less than or equal to 9.5% of:
 - Employee's W-2 wages (Box 1)
 - Hourly rate of pay x 130 hours for hourly employees or monthly salary for salaried employees:
 - Hourly rate greater than \$7.48 will support larger affordable employee contribution than FPL
 - Federal poverty line
 - \$11,670(9.5%)/12 = \$92.39 per month for 2015 calendar year
 - \$11,770(9.5%)/12 = \$93.18 per month for 2016 calendar year



WHO IS AN ACA FULL TIME EMPLOYEE?

Full-Time = FT

 If the employee is regularly scheduled to work at least 30 hours per week for at least 90 days, the employee must be designated as Full Time.

Part-Time = PT

If the employee is regularly scheduled to work less than 30 hours per week for at least 90 days,
 the employee must be designated as Part Time

Variable = V

 If the agency cannot determine whether the employee is expected to be scheduled regularly for at least 30 hours per week, including any paid leave, over the Initial Measurement Period because the employee's hours are variable or otherwise uncertain, the employee must be designated Variable.

Seasonal = S

Employee may work greater than 30 hours per week but is not employed for more than 6 months
of the year and whose employment is dependent on a specific and reoccurring season, the
employee must be considered Seasonal.

ACA DESIGNATIONS VS STATE OF ARIZONA EMPLOYEE CLASSIFICATIONS

State Employee Classifications	ACA Employee Designations
 Full-Time Employee: Regularly scheduled to work 40 hours per week. Part-Time Employee: Regularly scheduled to work less than 40 hours per week. Temporary Employee: A new hire who can work no more than 1500 hours a year on an intermittent basis. State employees are eligible for benefits if they are regularly scheduled to work for at least 20 hours a week. 	 Ongoing Full-Time Employee: Employee who averaged at least 130 hours per month in the prior standard measurement period. Ongoing Non Full-Time Employee: Employee who did not average at least 130 hours per month in the prior standard measurement period. New Full-Time Employee: New hire who is reasonably expected to average at least 30 hours a week and is not a seasonal employee. New Part-Time Employee: New hire who is reasonably expected to average fewer than 30 hours per week. New Variable Hour Employee: The State cannot determine upon hire whether the employee will average at least 30 hours a week over the initial measurement period. New Seasonal Employee: New hire in a position for which the customary annual employment is
	six months or less and who commences working at approximately the same time each year.

MEASURING EMPLOYEES UNDER ACA WHAT HOURS COUNT? THE 30-HOUR BULE

- When determining the 30 hour average, employers must include:
 - Paid hours actually worked
 - All paid-time off:
 - Vacation, holiday, illness, jury duty, military duty, compensatory leave, meritorious leave, donated leave or other paid leave of absence
 - Active employee receiving disability pay, even payments from insurance company through company disability plan (e.g. policy is currently under review)
 - Special rules for certain unpaid protected leaves (e.g. unpaid FMLA) for employers using lookback method

Data integrity with respect to an employee's hours of service is now critical. If the proper hours of service are not accurately tracked, it can cause (1) an employee to be incorrectly classified under the ACA, (2) the State to file incorrect reports to the IRS. Both of these can trigger separate assessments/penalties.

HOW AND WHEN ARE THE HOURS MEASURED?

Initial Measurement Period

- Initial Measurement Period (IMP) is used to measure non full-time employees hours to determine if employee is considered full-time.
- IMP will begin on the first of the month following date of hire and will continue over a 11 month period.
- After 11 months of employment, Benefits Services Division will measure hours worked and will determine if employee full-time or part-time.
- All new seasonal, variable and part-time employees will automatically be placed in an Initial Measurement Period.

Standard Measurement Period

- Standard Measurement Period (SMP) is used to measure active ongoing employees hours to determine if the employee is full-time or non full-time.
- SMP for the State is October 10th of each year through October 9th of the following year.
- Benefits Services Division will measure hours worked for each full-time or non-full time employee and will determine if employee full-time or part-time.
- After each SMP, New Full-Time and Ongoing Employee will automatically be measured upon completion of each SMP.

INITIAL MEASUREMENT PERIOD NEW PART-TIME, VARIABLE HOUR OR SEASONAL EMPLOYEES

Initial Measurement Period

- Duration of the initial measurement period (IMP) is 11 months.
- The IMP begins on the 1st of the month following the date of hire.

Initial Administrative Period • After the IMP ends, the State will have an additional two month initial administrative period to offer employee benefits and to process enrollment forms.

Initial Stability Period

- The 12 month period following the IMP and initial administrative period.
- Hours measured during the IMP determine full-time/part-time status in a stability period.
- Employee's deemed full-time during previous IMP must remain benefit eligible throughout the initial stability period regardless of job changes or reductions in work schedule.
- Employee will then transition to the following Standard Measurement Period each following year.

STANDARD MEASUREMENT PERIOD ONGOING EMPLOYEES AND NEW HIRES WITH ACA DESIGNATION AS FULL-TIME

Standard Measurement Period

- The State's standard measurement period (SMP) runs from October 10th of every year through October 9th of the following year.
- All hours of service are averaged over the course of the measurement period to determine if employee is full-time or non full-time.

Administrative Period • The State's standard administrative period runs from October 10th of every year through December 31st of every year. Administrative time is used to ensure offers are made and to process enrollments (e.g. open enrollment).

Standard Stability Period

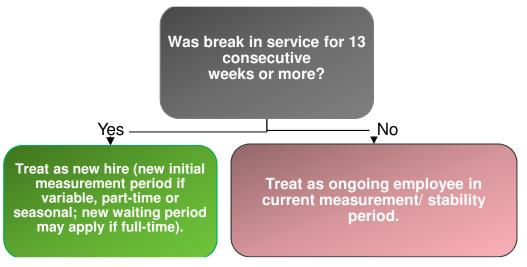
- The State's standard stability period runs from January 1st through December 31st of every year.
- Hours measured during the standard measurement period determine full-time/part-time status in a stability period.
- Employee's deemed full-time during previous SMP must remain benefit eligible throughout the current stability period regardless of job changes or reductions in work schedule.

HOW TO DETERMINE WHICH MEASUREMENT PERIOD APPLIES TO YOUR EMPLOYEE (SMP OR IMP)?

- 1. The first step is to determine if employee is an Ongoing Employee or New Hire Employee.
 - Ongoing Employee: Employee is considered an ongoing employee if the employee's hire date is prior to 10/10/2014 and employee has worked for an entire SMP (October 10th October 9th). If employee is Ongoing, see step 2.
 - New Employees: Employees who are not ongoing employees (i.e., have not been employed for at least one SMP and its associated administrative period) are classified as new employees and are subject to a different set of rules until they become ongoing employees.. If employee is New Hire, see step 3.
- 2. Ongoing Employees will be measured during the SMP. After completion of the SMP, the Benefit Service Division will measure employees hours that are posted in HRIS to determine benefit eligibly.
 - Benefits Services Division will determine ACA Designation based on the following criteria:
 - If "hours worked" is greater than or equal to 1560; than employee designation will be ACA Full-Time
 - If "hours worked" is less than 1560; than employee designation will be ACA Part-Time
 - The employee can be considered Seasonal, if the employee is not active for more than 6 months of the year and whose employment is dependent with a specific and reoccurring season. All employees designated as Seasonal when the employee was initially hired will remain as Seasonal.
- 3. The State must then determine whether the new employee as of the hire date should be classified as (1) ACA full-time, or (2) ACA part-time, variable hour or seasonal.
 - If ACA Designation Code is = FT; then employee will automatically be placed in **SMP** and must be offered benefits immediately after hire date.
 - If ACA Designation Code is = PT, V, or S; then employee will be placed into an **IMP** and employee will be measured by the Benefit Service Division based on hours that are posted in HRIS to determine benefit eligibly after the employee completes 11 months of employment.

IMPORTANT NOTE RETURN TO WORK/REHIRE

- If employee is rehired during 2016, and the break in service is less than 13 weeks, the ACA designation code should not change unless:
 - Employee was previously designated as a Variable, Seasonal or Part-Time position and was rehired into FT position.
 - if employee ACA designation was previously designated as Full-Time and employee was rehired into a position that is no longer considered Full-Time, you must wait until 2017 plan year to change ACA designation.
- If employee is rehired during 2016, and the break in service is greater than 13
 weeks, the employee should be treated as a new hire and employee should obtain
 a new ACA designation code:



ACA REPORTING REQUIREMENTS

	1095-C & 1094-C Tax Forms	2016 Due Dates
Purpose	 Enforce individual mandate Enforce employer mandate Validate public exchange premium subsidy eligibility 	
Who Reports	Every large employer with 50 or more full-time or equivalent employees.	
IRS Reporting	Includes Name and EIN of each active employee in 2015 Must report counts of all active employees in 2016	Extended: E-file: June 30 th 2016
Individual Reporting	 Each employee who was full time for at least one month during reporting year To each "responsible individual" who enrolls self or others in MEC. 	Extended to March 31 st 2016
Penalties	Failure to report – \$250 per report, up to \$3 million	

FORM 1095-C INDIVIDUAL STATEMENT

1095	-C	Em	plover-	Provide	ed He	ealth In	surance	e Off	er a	and (Cove	rage		\ \	/OID			OME No.	ЬD . 1545-22	0116 51
Department of the 1	m 1095-C Employer-Provided Health Insurance Offer and Coverage performent of the Treasury performation about Form 1095-C and its separate instructions is at www.irs.gov/form1095c										CORRI	ECTED	2015							
Pertil Emp									1	Applic	able L	arge	Emplo	ver Me	ember	(Emp	over)			
1 Name of employ	_			2	Social se	curtly number	(SSN)	7 Nan		nployer						_	_	identifica	ation num	ber (EIN)
3 Street address (including sparts	ment no.)		-				9 Sitre	at addr	reses (free	luding roo	om or sul	te no.)			10	Contact t	alaphona	number	
4 City or town 5 State or province				6	6 Country and ZIP or foreign postal code				11 City or town 12 State or p					province			19 Country and ZIP or foreign postal code			
Part II Em	ployee Offe	er and Cov	erage					Plan	Star	t Mor	nth (Ent	ter 2-di	git num	borj:						
	All 12 Months	Jan	Fab	M	tar	Apr	May		lune	T	July	-	lug	Se	pt	Oct		Nov	T	Oec .
14 Offer of Coverage (enter required code)			1				122						137							
15 Employee Share of Lowest Cost Monthly Premium,		200				S 4														
for Self-Only Minimum Value Coverage	\$	S	\$	\$	4	\$	\$	s		\$		\$		\$	4	\$	\$		\$	
16 Applicable Section 4980H Sale Harbor junter code, Explicable																				
	rered Indiv ployer prov		ured cove	rage, chec	k the b	ox and ent	or the inform	nation	for ea	ich co	vered in	dividu								
(a) Name	of covered ind	dvictual(n)		(b) 55N	0	oj DOB (# 589 not avaliable	d to (d) Cove	ond ortho	an	Feb	Mar	Apr	May (e	Months June	of Cover July	Aug	Sept	Oct	Nov	Dec
17																				
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10																				
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21								1												
22			10																	
For Privacy Act	and Paperwo	rk Reduction	Act Notice	0, 500 S0D3	rate inst	tructions.			_		Cat.	No. 6070	SM					Form	1095-	C poss

FORM 1095-C PART II INDIVIDUAL STATEMENT CODES

Line 14

- 1A MEC providing affordable (based on FPL safe harbor), MV coverage offered to full-time employee, and at least MEC offered to spouse and dependents.
- 1B MEC providing MV offered to employee only.
- 1C MEC providing MV offered to employee and at least MEC offered to dependents (not spouse).
- 1D MEC providing MV offered to employee and at least MEC offered to spouse (not dependents).
- MEC providing MV offered to employee, and at least MEC. offered to dependents and spouse.
- 1F MEC not providing MV offered to employee, employee spouse or dependents, or employee, spouse and dependents.
- 1G Offer of coverage to an employee not a full-time employee for any month of the calendar year and who enrolled in self-insured coverage for one or more months of the year.
- **1H** No offer of coverage (no coverage or offered coverage is not MEC).
- 11 Qualified Offer Transition Relief 2015: employee (and spouse or dependents) received no offer; received non-qualifying offer or received qualifying offer for less than 12 months.

Line 15

Complete only if code 1B, 1C, 1D or 1E is entered in any box on Line 14.

Line 16

- **2A** Employee not employed on any day of the calendar month
- **2B** Employee is not a full time employee.
- **2C** Employee enrolled in coverage offered.
- **2D** Employee in limited § 4980H(b) limited non-assessment period (IMP or waiting period).
- 2E Multiemployer interim relief rule.
- 2F Form W-2 safe harbor for affordability.
- **2G** FPL safe harbor for affordability.
- 2H Rate of pay safe harbor for affordability.
- 2l Non-calendar year transition relief applies.

FORM 1094-C TRANSMITTAL - PARTS I AND II

4004.0	Transmittal of Em	ployer-Provided Health In	neurance Offer and	CORRECTED	120116 OMB No. 1545-2251
Form 1094-C Department of the Treasury Internal Resource Service	Co	verage Information Retu 1004-C and its separate instructions is	ms	COMMECTED	2015
	arge Employer Member (AL	E Member)	-		
1 Name of ALE Member (Emp		ď	2 Employer Identification number (EIN)		
3 Street address (including ro	iom or suite no.)				
4 City or town		5 State or province	6 Country and ZIP or lossion postal code		
			, , , , , , , , , , , , , , , , , , , ,		
7 Name of person to contact		<u> </u>	6 Contact telephone number		
9 Name of Designated Gover	rement Entity (only if applicable)		10 Employer Identification number (EIN)		
11 Street address (including ro	iom or suite no.)			For Offi	cial Use Only
12 City or town		19 State or province	54 Country and ZIP or foreign postal code		•
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15 Name of person to contact			16 Contact telephone number		шшш
17 Reserved					
18 Total number of For	ns 1095-C submitted with this tra	nsmittal			
19 is this the authoritati	ve transmittal for this ALE Membe	r? If "Yes," check the box and continu	ia. If "No." see instructions		
	er Information				
ALC MINING					
20 Total number of For	ns 1095-C filed by and/or on behi	alf of ALE Member			. •
21 Is ALE Member a mo	ember of an Aggregated ALE Grou	.p?			. Yes No
If "No," do not comp	lete Part IV.				
22 Certifications of Eli	gibility (select all that apply):				
A. Qualifying Offe	r Method B. Quality	ng Offer Method Transition Relief	C. Section 4980H Transition	Rollof	D. 98% Offer Method
Under penalties of perjury, I	declare that I have examined this retu	m and accompanying documents, and to t	he best of my knowledge and belief, they a	re true, correct, and	complete.
)				·	
Signature	made Dankouting & of Markey and are	THis		Date	1001.0
rur Privacy Act and Paper	work Reduction Act Notice, see sep	arate instructions.	Cat. No. 61571A		Form 1094-C (2015)

EMPLOYER SHARED RESPONSIBILITY REPORTING FORM 1094-C TRANSMITTAL

Part	III ALE Membe	r Information—N	Monthly		4	Δ.	×
		(a) Minimum Ess Offer In	sential Coverage ndicator	(b) Full-Time Employee Count for ALE Member	(c) Total Employee Count for ALE Member	(d) Aggregated Group Indicator	(e) Section 4980H Transition Relief Indicator
		Yes	No	TOT ALL WORLDO	IOI ALL INGITIDO	Group indicator	Transition Relief Indicator
23	All 12 Months						
24	Jan						
25	Feb						
26	Mar						
27	Apr						
28	May						
29	June						
30	July						
31	Aug						
32	Sept						
33	Oct						
34	Nov						
35	Dec						

FORM 1094-C TRANSMITTAL - PART IV

120315 Page 3

Other ALE Members of Aggregated ALE Group

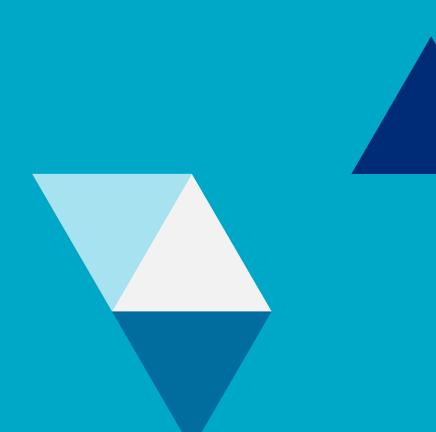
Form 1094-G (2015)

Enter the names and EINs of Other ALE Members of the Aggregated ALE Group (who were members at any time during the calendar year).

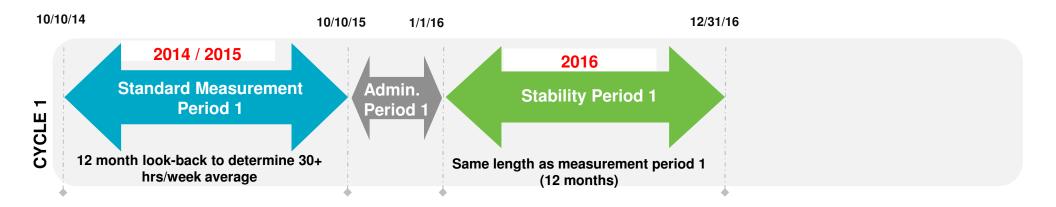
Name	EIN		Name	EIN
36		51		
37		52		
38		53		
30		54		
40		55		
41		56		
42		57		
43		58		
44		50		
45		60		
46		61		
47		62		
48		63		
49		64		
50		65		1001.0

Form 1094-C (2015)

EXAMPLES



IAN, AN ONGOING EMPLOYEE / FULL TIME POSITION



- Ian has been employed with the State of Arizona as a full-time employee who is regularly scheduled to work 40 hours a week since February 16, 2012.
- Ian is considered an ongoing employee who averaged at least 130 hours a month during the measurement period that began on October 10, 2014 and ended October 9, 2015.

Result for lan in 2016

- Ian is classified and reported as an ACA full-time employee for the entire 2016 stability period because he averaged at least 130 hours a month during the prior measurement period (10/10/14 through 10/9/15).
- If Ian is not offered qualifying coverage for all of 2016, the State can be subject to ESR assessments.

JENNIFER, AN ONGOING EMPLOYEE HIRED INTO A FULL TIME POSITION TRANSFERS TO PART TIME POSITION

- Jennifer has been employed with the State of Arizona as a full-time employee who is regularly scheduled to work 40 hours a week since May 2, 2012.
- Jennifer averaged at least 130 hours a month during the measurement period that began on October 10, 2014 and ended October 9, 2015.
- Jennifer has a change in status so that effective as of January 15, 2016, she will be regularly scheduled to work only 15 hours a week.
- Jennifer does not work more than 15 hours a week from January 15, 2016 through December 31, 2016.

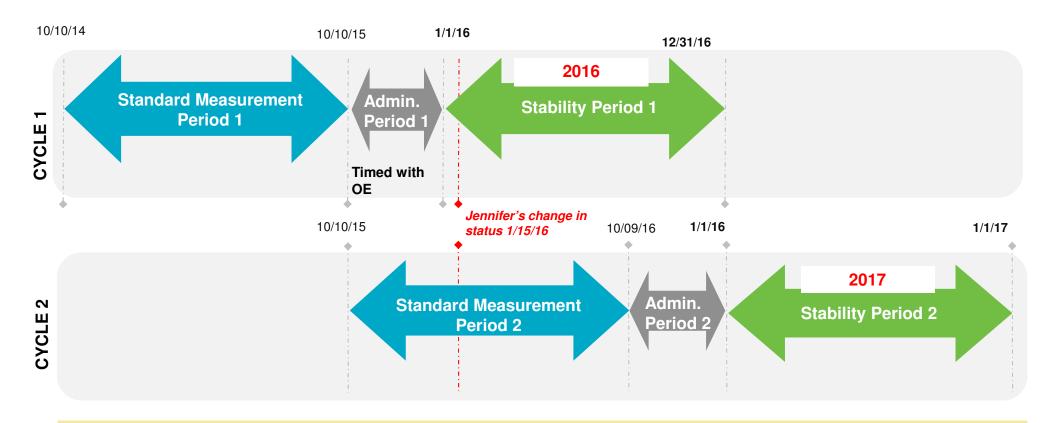
Result for 2016 Plan Year

- Jennifer is classified as an ACA full-time employee for the entire 2016 stability period because she averaged at least 130 hours a month during the prior measurement period (10/10/14 through 10/9/15).
- If Jennifer is not offered qualifying coverage for all of 2016, the State can be subject to ESR assessments.

Result for 2017 Plan Year

- Jennifer is NOT classified as an ACA full-time employee for the entire 2017 stability period because she did <u>not</u> average at least 130 hours a month during the prior measurement period (10/10/15 through 10/9/16).
- The State will not be subject to any ESR assessments for not offering Jennifer qualifying coverage in 2017.

JENNIFER ONGOING EMPLOYEE / FT POSITION TRANSFERS TO PT POSITION (CONT'D)



- Jennifer has been employed with the State of Arizona as a full-time employee who is regularly scheduled to work 40 hours a week since May 2, 2012.
- Jennifer averaged at least 130 hours a month during the measurement period that began on October 10, 2014 and ended October 9, 2015.
- Jennifer has a change in status so that effective as of January 15, 2016, she will be regularly scheduled to work only 15 hours a week.
- Jennifer does not work more than 15 hours a week from January 15, 2016 through December 31, 2016.

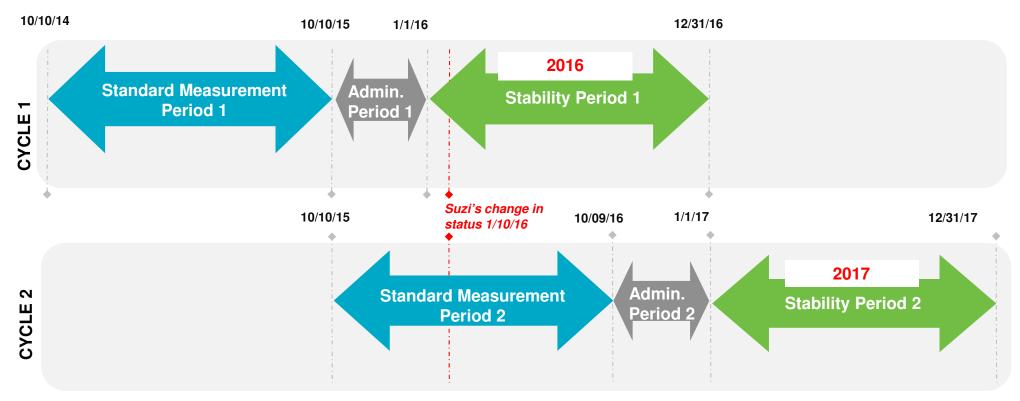
SUSIE, AN EMPLOYEE HIRED INTO ONGOING PART-TIME EMPLOYEE TRANSFERS INTO FULL TIME POSITION

- Suzi has been employed with the State of Arizona as a part-time employee who is regularly scheduled to work 15 hours a week since June 3, 2012.
- Suzi does NOT average at least 130 hours a month.
- Suzi has a change in status so that effective as of January 4, 2016, she will be regularly scheduled to work 35 hours a week.
- Suzi works on average 35 hours a week from January 4, 2016 through December 31, 2016.

Result for 2016 Plan Year

- During the 2015 Administrative Period, Suzi was classified as an ACA part-time employee for the 2016 stability period because she averaged less than 130 hours a month during the prior measurement period (10/10/14 through 10/9/15).
- Suzi moves to a full-time position effective January 11, 2016, she is classified reported as an ACA Designation will change to full-time employee and be offered benefits January 16th 2016.

SUSIE, AN EMPLOYEE HIRED INTO ONGOING PART-TIME EMPLOYEE TRANSFERS INTO FULL TIME POSITION (CONTINUED)



- Suzi has been employed with the State of Arizona as a part-time employee who is regularly scheduled to work 15 hours a
 week since June 3, 2012.
- Suzi does NOT average at least 130 hours a month.
- Suzi has a change in status so that effective as of January 4, 2016, she will be regularly scheduled to work 35 hours a week.
- Suzi works on average 35 hours a week from January 4, 2016 through December 31, 2016.

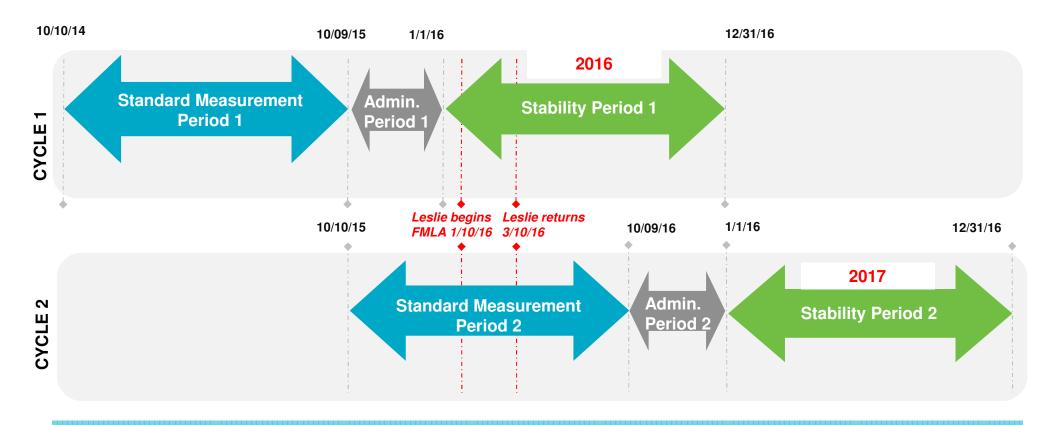
LESLIE, AN ONGOING FULL-TIME EMPLOYEE GOES ON FMLA LEAVE (CONTINUED)

- Leslie has been employed with the State of Arizona as an ongoing full-time employee who is regularly scheduled to work 40 hours a week since May 15, 2012.
- Leslie averages at least 130 hours a month until she goes on an unpaid protected FMLA leave of absence on January 10, 2016. Leslie returns from this unpaid protected leave on March 10, 2016.
- After Leslie's return from the unpaid FMLA leave of absence on March 10, 2016, Leslie continues to average at least 130 hours a month.

Result for 2016 Plan Year

- Leslie is classified as an ACA full-time employee for the entire 2016 stability period because she averaged at least 130 hours a month during the prior measurement period (10/10/14 through 10/9/15).
- For the measurement period beginning on 10/10/15 and ending on 10/9/16, Leslie must be credited with her average weekly rate during her FMLA leave period. FMLA time recording (e.g. 640F) is essential to ensure compliance with benefit eligibility.

LESLIE, AN ONGOING FULL-TIME EMPLOYEE GOES ON FMLA LEAVE



- Leslie has been employed with the State of Arizona as an ongoing full-time employee who is regularly scheduled to work 40 hours a week since May 15, 2012.
- Leslie averages at least 130 hours a month until she goes on an unpaid protected FMLA leave of absence on January 10, 2016. Leslie returns from this unpaid protected leave on March 10, 2016.
- After Leslie's return from the unpaid FMLA leave of absence on March 10, 2016, Leslie continues to average at least 130 hours a month.

ELAINE, A NEW EMPLOYEE WHO IS HIRED AS A VARIABLE HOUR EMPLOYEE

- Elaine is hired by the State of Arizona on May 15, 2015 into a variable hour employee position.
- Elaine averages at least 130 hours a month during her initial measurement period that commences on 6/1/15 and ends on 4/30/16.
- Elaine also averages at least 130 hours a month during the State's standard measurement period that begins on 10/10/15 and ends on 10/9/16.

Result for 2015

 When Elaine was hire she was not eligible for benefits at all in 2015 because she is hired into an ACA variable hour position and her hours are being tracked in the initial measurement period.

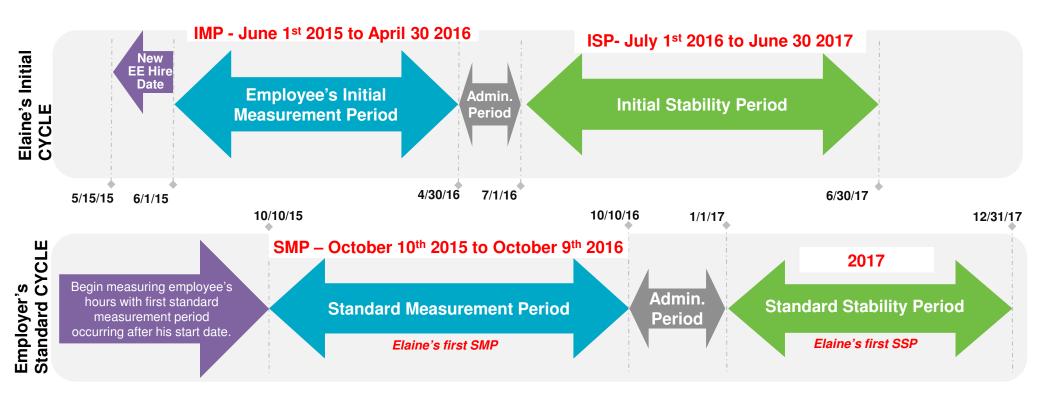
Result for 2016

- Elaine is not eligible for benefits during the months of January through June of 2016 because she is still in her initial measurement period and administrative period.
- Elaine is eligible for qualifying coverage as of July 1, 2016, the start of her initial stability period because she averaged at least 130 hours a month during her initial measurement period.

Result for 2017 and beyond

- Elaine is eligible for qualifying coverage for all of 2017, which includes the remainder of her initial stability period and the standard 2017 stability period. This is because she averaged at least 130 hours during her initial measurement period and standard measurement period.
- Elaine is now considered to be an ongoing employee because she has completed one full standard measurement period and administrative period.
- Elaine's eligibility for benefits as of 1/1/18 will depend on her average hours during the standard measurement period that begins on 1010/16 and ends on 10/9/17.

ELAINE, A NEW EMPLOYEE WHO IS HIRED AS A VARIABLE HOUR EMPLOYEE



- Elaine is hired by the State of Arizona on May 15, 2015 into a variable hour employee position.
- Elaine averages at least 130 hours a month during her initial measurement period that commences on 6/1/15 and ends on 4/30/16.
- Elaine also averages at least 130 hours a month during the State's standard measurement period that begins on 10/10/15 and ends on 10/9/16.

JASMINE, A NEW EMPLOYEE WHO IS HIRED AS A VARIABLE HOUR EMPLOYEE

- Jasmine is hired by the State of Arizona on April 15, 2015 into a variable hour employee position.
- Jasmine averages at least 130 hours a month during her initial measurement period that commences on 5/1/15 and ends on 3/31/16.
- Jasmine does not average at least 130 hours a month during the standard measurement period that commences on 10/10/15 and ends on 10/9/16.

Result for 2015

 Jasmine is not eligible for benefits at all in 2015 because she is hired into an ACA variable hour position and her hours are being tracked in the initial measurement period.

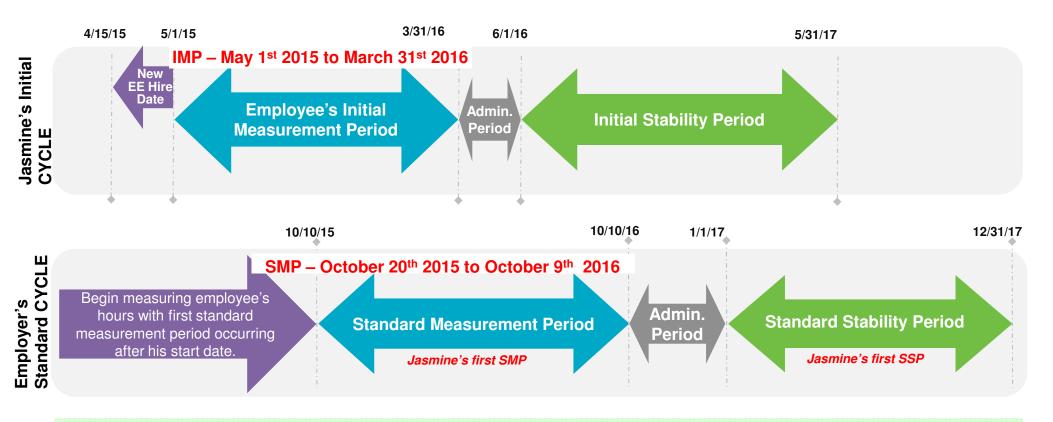
Result for 2016

- Jasmine is eligible for qualifying coverage as of June 1, 2016, the start of her initial stability period.
- Jasmine is not eligible for benefits during the months of January through May of 2016 because she is still in her initial measurement period and administrative period.

Result for 2017 and beyond

- Jasmine is eligible for qualifying coverage until May 31, 2017, the end of her initial stability period.
- Jasmine is not eligible for coverage from June 1, 2017 through December 31, 2017 because she did not average at least 130 hours in the standard measurement that commenced on 10/10/15 and ended on 10/9/16.
- Jasmine is now considered to be an ongoing employee.
- Jasmine's eligibility for benefits as of 1/1/18 will depend on her average hours during the standard measurement period that begins on 1010/16 and ends on 10/9/17.

JASMINE, A NEW EMPLOYEE WHO IS HIRED AS A VARIABLE HOUR EMPLOYEE



- Jasmine is hired by the State of Arizona on April 15, 2015 into a variable hour employee position.
- Jasmine averages at least 130 hours a month during her initial measurement period that commences on 5/1/15 and ends on 3/31/16.
- Jasmine does not average at least 130 hours a month during the standard measurement period that commences on 10/10/15 and ends on 10/9/16.

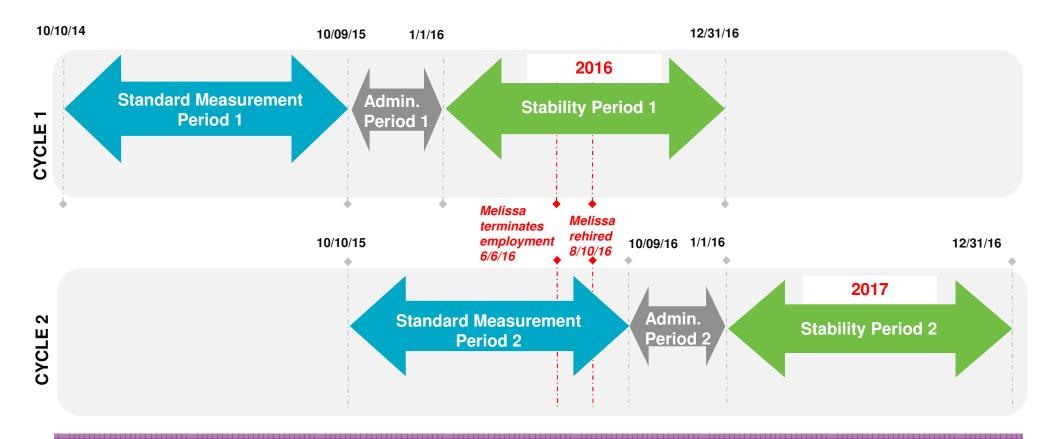
MELISSA, A REHIRE WITH BREAK IN SERVICE THAT IS LESS THAN 13 WEEKS

- Melissa, an ongoing full-time employee of the State, terminates from employment on June 6, 2016.
- Melissa had averaged at least 130 hours a month during the prior measurement period that began on 10/10/14 and ended on 10/9/15.
- Melissa is rehired by the State on August 10, 2016, as a part-time employee scheduled to work 15 hours a week.

Result

- Melissa must be offered medical benefits as of September 1, 2016 because Melissa's break in service
 was less than 13 consecutive weeks and she is treated as a ongoing employee as of her rehire date.
- Since Melissa was classified as an ACA full-time employee prior to her termination and is treated as a
 ongoing employee upon her rehire, she retains that ACA FT Designation until the end of the 2016 stability
 period.
- Melissa's eligibility for benefits as of 1/1/17 will depend on how many hours she averages over the standard measurement period that begins on 10/10/15 and ends on 10/9/16. Melissa will be credited with 0 hours during her break in service because the break was not due to a protected leave.

MELISSA, REHIRE WITH BREAK IN SERVICE THAT IS LESS THAN 13 WEEKS



- Melissa, an ongoing full-time employee of the State, terminates from employment on June 6, 2015.
- Melissa had averaged at least 130 hours a month during the prior measurement period that began on 10/10/14 and ended on 10/9/15.
- Melissa is rehired with the State on August 10, 2016, as a part-time employee scheduled to work 15 hours a week.

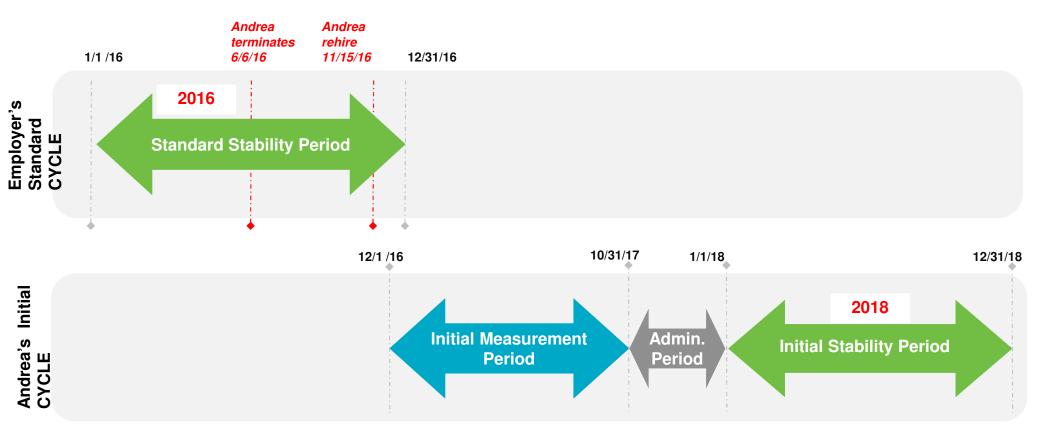
ANDREA, A REHIRE WITH BREAK IN SERVICE THAT IS GREATER THAN 13 WEEKS

- Andrea, an ongoing full-time employee of the State, terminates her employment on June 6, 2016.
- Andrea had averaged at least 130 hours a month during the prior measurement period that began on 10/10/14 and ended on 10/9/15.
- Andrea is rehired with the State on November 15, 2016, as a part-time employee scheduled to work 15 hours a week.

Result

- Andrea is treated as a new hire as of November 15, 2016 because her break in service was longer than 13 consecutive weeks.
- Since Andrea is being hired into a part-time position, she is not eligible for benefits as of the date of hire.
- Andrea is subject to an initial measurement period that begins on 12/1/16 and ends on 10/31/17.

ANDREA, A REHIRE WITH BREAK IN SERVICE THAT IS GREATER THAN 13 WEEKS



- Andrea, an ongoing full-time employee of the State, terminates her employment on June 6, 2016.
- Andrea had averaged at least 130 hours a month during the prior measurement period that began on 10/10/14 and ended on 10/9/15.
- Andrea is rehired with the State on November 15, 2016, as a part-time employee scheduled to work 15 hours a week.